

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6811

BILL NUMBER: SB 240

NOTE PREPARED: Dec 31, 2007

BILL AMENDED:

SUBJECT: Purchases of Recycled Components.

FIRST AUTHOR: Sen. Waterman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill specifies that, for public purchasing purposes, recycled materials include recycled components.

The bill requires governmental bodies and state educational institutions to purchase recycled components for use in certain construction projects.

The bill requires the State Board of Education to adopt rules mandating the use of recycled components in certain school construction projects.

Effective Date: July 1, 2008.

Explanation of State Expenditures: The increase in state construction costs due to the use of recycled components in new construction or repair, rehabilitation, remodeling, renovation, reconstruction, or alteration of existing facilities would depend on the project and the cost of the recycled components. It is unknown how much might be added to the cost of a project.

The 2007 budget bill appropriated about \$550 M for capital projects for the 2007-2009 biennium. If there were additional costs associated with the use of recycled components, the additional costs would have to be funded within the appropriation.

The 2007 budget bill authorized university bonding authority of \$518.27 M for construction projects. If there were additional costs associated with the use of recycled components, the additional costs would have to be funded within the bonding authority.

Explanation of State Revenues:

Explanation of Local Expenditures: The increase in construction cost due to the use of recycled components in new construction or alteration or rehabilitation of existing facilities is unknown.

The amount of construction projects for civil units is unknown.

The Department of Local Government Finance approved school new construction projects worth \$597.6 M during CY 2007. Each 1% increase in costs would increase the annual school debt service payment by about \$480,000 if the bonding was for 20 years at 5% interest

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.